

**SUMMARY OF THE REGULAR MEETING OF THE  
ARIZONA STATE RETIREMENT SYSTEM  
OPERATIONS COMMITTEE**

**HELD ON  
Tuesday, March 28, 2006  
10:30 a.m., MST**

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in regular session in the 14<sup>th</sup> Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Michael Townsend, Chair, called the meeting to order at 10:31 a.m.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona 85710.

**1. Call to Order; Roll Call; Opening Remarks**

Present:       Mr. Michael Townsend, Chair  
                  Mr. Steven Zeman, Vice-Chair  
                  Dr. Keith Meredith  
                  Mr. David Byers

A quorum of the Committee was present for the purpose of conducting business.

**2. Presentation, Discussion and Appropriate Action Regarding the Information Technology (IT) Plan's Web Services Project**

Mr. Anthony Guarino, Deputy Director, Chief Operations Officer, updated the Committee on the status of the IT Plan's web services project. This project allows members and retirees to log on to the ASRS website and view their statements as well as basic account information. He noted the project was active and members could currently register for online access.

Mr. David King, Information Services Division (ISD) Business Analyst Team Manager, demonstrated the new service. The demonstration showed a step-by-step walk-thru of how a member would register, log in to the website once registered and how the website provided links to assist members or retirees who needed help.

Mr. King stated that in the prior week, over 750 members and/or retirees had registered for access to the site. Mr. Guarino noted this was without any marketing and that there were no immediate plans to do any advertising in order to keep demand modest and allow time to observe the new system's performance.

Mr. King also discussed future possibilities with the project including online changes of address, beneficiary and other information. Mr. King noted that the ASRS has received positive feedback from members/retirees on the new web access.

### **3. Presentation, Discussion and Appropriate Action Regarding the IT Plan's Long Term Disability (LTD) Demonstration**

Mr. Guarino reviewed the status of the IT Plan's Long Term Disability project. The project was instituted as a way to improve cost efficiency and effectiveness of the LTD program. The project is slated to be completed on March 31, 2006 at a cost of \$1,083,550, which is approximately \$20,000 under budget.

Mr. David King gave a brief demonstration. Mr. Guarino stated the project would enhance the LTD program by providing the faster processing of claims, improved productivity, instant access to member accounts, more accurate calculations of member salaries, reduced overpayments, enhanced collections of outstanding LTD accounts receivable, and future integration with other agency subsystems.

### **4. Presentation, Discussion and Appropriate Action Regarding the Fiscal Year 2006 Budget and Staffing Plan**

Mr. Guarino addressed the Committee regarding the budget and staffing plan for Fiscal Year 2006. He stated the staffing issue a priority issue and that as of February 28, 2006, over 92 percent of the agency's permanent positions had been filled. Mr. Guarino noted he considers agency staffing stable at this point in time. Additionally, because of "vacancy savings," the agency will be able to fill more positions in the coming fiscal year. As a result, the amount of expenditures for temporary employees will decrease by the end of the year.

### **5. Presentation, Discussion and Appropriate Action Regarding the ASRS Actuary Request for Proposals (RFP)**

Mr. Guarino updated the Committee on the Actuary RFP. He stated that due to the State-mandated Value in Procurement Program (which is seeking cost efficiencies through strategic consolidation of effort in contracting for professional services statewide), the agency's selection process has been delayed. He said the ASRS has received seven (7) proposals and is in the process of coordinating an evaluation committee consisting of ASRS executive and senior

management, the agency procurement officer, a staff analyst and one Trustee. The evaluation will take place in April 2006.

Once completed, Mr. Guarino said the committee would report its findings to the Operations Committee so it could make a recommendation to the ASRS Board.

## **6. Presentation, Discussion and Appropriate Action Regarding the ASRS External Financial Audit RFP**

Mr. Guarino said that similar to the Actuary RFP, the External Financial Audit RFP is delayed. He noted that it is unlikely that a contract would be ready in time for a new external auditor, if one was selected, to be ready to audit the 2006 financial statements. Due to this, Deloitte, the current external financial auditor, would conduct the next audit. That audit would then be presented to the Committee and the ASRS Board for review.

## **7. Review of Recently Conducted Audits**

- **Pendergast Elementary School District**

Mr. Bernard Glick, Chief Internal Auditor, gave a brief overview of the audit on the Pendergast School District. He stated the district owed the ASRS \$23,449 and the ASRS auditors gave recommendations to the school district on how to improve their tracking and collecting of contributions due. The school district concurred with the findings of the auditors.

## **8. Request for Future Agenda Items**

None.

## **9. Call to the Public**

No members of the public addressed the Committee.

## **10. Adjournment of the OC**

Mr. Michael Townsend adjourned the meeting at 11:59 a.m.

Respectfully Submitted by,

---

Zachary Kucera  
Committee Secretary

---

Date

---

Anthony Guarino  
Deputy Director, Chief Operations Officer

---

Date